HUGOvision

Assessing the economic and political environment in New Zealand

May 18 2018 | Confidential to HUGO members

The Well-Meaning Before the Well-Being Budget

Pages 2&3

Grant Robertson's first Budget lacked a theme beyond 'phase one fix-ups', most of the meat having been delivered in the pre-Christmas mini-Budget, with the Families Package, the political impacts of which will become apparent after July 1. It felt like the 'well-meaning' Budget before next year's first Budget under the Wellbeing Framework, which should give more shape to the govt's agenda.

Growth looks toppy, spending pressures underdone

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The Budget's growth forecasts look a little toppy to us, with some prospect that the momentum in the domestic economy will not deliver as much growth in the year ahead as the Treasury presumes. Construction sector constraints are a big factor. The fiscal forecasts also appear not to include provision for what could be substantial additional public sector wage costs as negotiations with teachers, nurses and the police force loom.

High immigration here to stay?

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The Treasury has made a material alteration to its assumptions about net migration rates, raising long term forecasts from the historical average of 15,000 p.a. to 25,000, and discussing independent forecasts that suggest net immigration could remain as high as 40,000 p.a. in 2022.

Real wage growth ahead

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With unemployment forecast to remain close to 4% and high labour market participation baked into the Budget forecasts through to 2022, the outlook is for nominal wage growth to outstrip ongoing low inflation in the next four years.

M. bovis outbreak – a creeping crisis

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The mycoplasma bovis outbreak now appears to have been under way for far longer than previously realised and is flagging up as a cost to both the Crown and the farming sector of unknown size. Decisions in the next fortnight will determine whether eradication or containment is the best option. Urgent and belated action is under way on the NAIT animal identification system, which has not adequately allowed for location tracking.

Winston Peters, acting PM

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Jacinda Ardern and Winston Peters have released a jointly penned letter outlining how he will conduct himself as acting PM during the PM's absence on maternity leave, which is expected to occur from some time in mid-June. Peters is extremely sensitive to suggestions he's been leg-roped, but the letter makes clear he will remain in close communication with Ardern.

Adjusting to Adrian Orr's new style

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The new RBNZ governor, Adrian Orr, has delighted journalists and financial markets with a far more open and engaging style of communication. However, his willingness to comment outside his new brief appears to have riled senior Opposition MPs.

Text finalised May 18

The well-meaning Budget

The govt is taking a bit of flak from the commentariat for producing a first Budget that is variously: not sufficiently ambitious; lacking in detail of the transformative agenda; ignoring the needs of the poor; and hide-bound by its Budget Responsibility Rules.

Such commentary misses the following:

- this is the first of three Budgets. It does not have to get the govt re-elected. It needs to stamp on the country its licence and ability to govern prudently and well. One thing we are hearing no more of from the Opposition is the so-called 'fiscal hole'. Stronger growth and tax take forecasts than before the election have filled in much of the hole, which is definitely still there at some size. But by sticking to credible projections to produce Budget surpluses at a little above 1% of GDP over the next four years, containing the size of govt to less than 30% of GDP and slightly exceeding its net Crown debt target, the govt has given business nothing more to worry about than was already worrying it, while giving itself wiggle room over the next two Budgets;
- much of the transformative agenda is already occurring, but outside the context of the Budget. The most obvious examples: the end to offshore oil and gas explorations; industrial relations law reform; the Net Zero Carbon Bill and associated Climate Change Commission;
- the needs of low income households are not specifically addressed in this Budget because they were specifically addressed in the pre-Christmas fiscal package which rejigged the previous govt's tax cuts to target more assistance to low and middle income families and households. Commentary fixated on the Budget appears to ignore the fact that in just six weeks' time, the Families Package will be implemented, delivering a material boost to low income households' spending power, which underpins a real GDP growth forecast of 3% in the year to June 2019;
- while spending beyond the confines of the Budget Responsibility Rules is technically of little concern to financial markets, it is far from clear that pushing harder on infrastructure spending would produce the desired results in an economy operating at the edge of its capacity, particularly in the construction sector.

  The clearest evidence of that is that **Treasury has halved the expected economic stimulus from the KiwiBuild programme** from \$5b to \$2.5b between now and June 2022 because of the constraints in the building sector. It warns that growth forecasts over that period could be compromised. "Growth in real residential investment may be weaker than forecast if capacity constraints are more binding than assumed," the Treasury says.

In other words, the govt has made some down payments on social infrastructure and operational spending in this Budget, but expects to be in a position to offer a more visionary, themed effort in next year's so-called "Well-Being Budget".

Budget 2019 will be the first to set policy according to the Living Standards Framework that Treasury has been working on since early this decade.

That may not hold much joy for the business community. It appears likely the LSF will still be in a formative stage in a year's time and its focus will tend to skew more to the kind of society rather than the kind of economy the govt seeks for NZ.

That said, there is nothing significant in this year's Budget that could be said to be a major negative for business. Rather, it contains no more than reassurance on fiscal prudence and is therefore largely neutral for business confidence.

It is policy development in other areas that are of most moment.

How solid are the Budget forecasts?

The Budget's fiscal and economic forecasts continue a pattern that is now well into its third decade – Budget surpluses, respectable if unexciting forecast growth rates, and credible Crown debt control.

The only material interruption to that pattern was in the aftermath of the GFC and Canterbury earthquakes, when the value of a robust Crown balance sheet capable of absorbing temporary shocks was proven.

However, along the way there has always been variability at the margins, and Budget 2018 is no different, with **risks weighted to the downside for the growth outlook and potential for lower surpluses to be delivered.**

While the Treasury expects annual growth to average close to 3% (real) over the next four years, our expectation is not so optimistic, at more like 2.6% and with less inflation and an interest rate track lower and more in line with the RBNZ's latest Monetary Policy Statement than the Treasury's Budget Economic and Fiscal Update.

Growth is seen as somewhat weaker, based on an expectation that the stimulus from the July Families Package will be more short-lived than official forecasts expect while a combination of capacity constraints and investor uncertainty may take the top off assumed private sector investment.

Note that the GDP forecasts assume **quite a slump in residential investment in the June 2019 year, with forecast growth of just 1.4%**, compared with 2.3% in the current June year and a forecast bounce to 5% in the year to June 2020. That is a measure of **construction sector constraint**.

On the fiscal front, **Budget 2018 is virtually silent on cost pressures faced in the education, health, and police workforces,** all of which are large and have lodged ambitious 'catch-up' pay claims. Add to that the govt's commitment to make progress on **pay equity** and there is substantial fiscal risk not quantified in the existing forecasts.

Some, but not all, of these factors are noted as fiscal risks, but without quantification in the Budget documents.

New immigration assumptions

After at least four years of seriously under-estimating the strength of net migration, this year's BEFU forecasts now assume that net migration will fall to 25,000 in the year to June 2022, rather than the long term average of 15,000.

"Changes to NZ's education system, work conditions, and overall economic attractiveness suggest that arrivals will continue to be higher than their long-term average, causing net migration to keep trending upwards in the long run."

Other commentary on that judgment strongly suggests the Treasury wouldn't be surprised if net inflows came in substantially higher than 25,000.

Not only does it include a **forecast net inflow of 40,000 in 2022 from independent consultancy Sense Partners,** its upside economic growth scenario is based on the likely impact of higher than base case net migration.

The Sense Partner forecast averages the results of five models of economic drivers of migration, including wage differentials and real exchange rates.

"Sense Partners' analysis is a useful progression towards greater economic meaning when forecasting migration," the BEFU says, although it remains heavily dependent on future performance of other countries' economies.

The **economic impacts of higher migration** are to push up house prices, consumption and residential investment, along with higher inflation and lower unemployment. That produces **a higher nominal GDP growth rate, which flows through to a higher tax take** and stronger Budget surpluses.

Wages to outstrip inflation

The BEFU forecasts inflation at or below 2 percent a year throughout the next four years, lower than forecast average wage increases. Compared to the 1.6 percent wage rise in the year to June last year, the June 2018 annual increase in wages is forecast at 3.2% and averages 3.1% over the next four years.

Unemployment is forecast to track towards 4%, bottoming out at 4.1% in 2021.

The workforce participation rate is assumed to remain high by international standards, at 70.8% through the forecast period.

That implies real wage growth is assured for most employees over the next four years.

Other key Budget assumptions

- crude oil prices (West Texas intermediate crude) stays at US$60 a barrel from mid-2018;
- the TWI remains stable at around 75 through to mid-2022;
- working-age population growth averages 1.8% a year, including the contribution of net migration of 25,000 p.a.;
- multi-factor productivity grows at 0.5% p.a., while labour productivity is forecast to improve by 0.8% annually;
- potential output growth averages 2.9% p.a.;
- the neutral long term 90-day interest rate is 4.25% in June 2022;
- the long-run non-accelerating rate of unemployment (NAIRU) settles at 4.25%.

Mycoplasma bovis – a classic 'creeping crisis'

The most worrying aspect of the M. bovis outbreak is that it looks like it has been in NZ for much longer than MPI originally thought. There is good reason to believe it has been here since at least 2014, possibly longer. That is why there is so much concern in the farming community: no one knows how far it has spread. In that sense, it is a classic example of a 'creeping crisis', in which hindsight generates blame, fear and anger.

Apparently recognising these risks, the govt has changed its political tactics and is now easing off the criticism of farmers over their reluctance, in some cases stubborn reluctance, to use the NAIT system, which it is also recognised is not as user-friendly a platform as it needs to be to work well.

MPI is accused of ignoring submissions from the industry when it implemented NAIT, which does not do basic things, such as meshing with the Livestock Improvement database. That database captures all dairy cattle but is not much use for handling M. bovis because it does not show cattle movements. Now the tactic is to blame National for NAIT's problems and to be sympathetic with the farmers. Hence the Prime Minister's planned visit to the Waikato on Monday and the support for the **NZ First's Farm Debt Mediation Bill** (*see legislation section*).

National originally opposed the bill but switched to supporting its introduction. It was clear from the speeches of the farming MPs, particularly **Barbara Kuriger**, that they saw the bill as an essential backstop should a decision to manage M. Bovis rather than eradicate it be made. What no one yet knows is what the aggregate impact of managing the disease will be. It will impact production, the only question is by how much.

Cow slaughter rates are tracking ahead of last year as the compulsory culling of cattle on properties infected with M. bovis gathers pace and is beginning to affect market prices for beef, according to AgriHQ.

The Budget documents reference the M. bovis outbreak as a fiscal risk, and **Grant Robertson** said at his Budget lock-up briefing that "any approach is likely to be a large-scale response and is unlikely to meet operational and biosecurity risks within (MPI's) baseline".

"I have no doubt we will need to spend significant amounts of money to respond."

Meanwhile, Primary Industries Minister Damien O'Connor this morning announced **23 urgent changes to improve the operation of NAIT**, as MPI published an open letter to all farmers to counter what it said was misinformation circulating about the response to the outbreak to a disease that is common and successfully managed in other countries.

Peters very much 'acting PM' during Ardern's maternity leave

Early in the life of the govt, Winston Peters had anticipated being sworn in as PM during Jacinda Ardern's maternity leave, fulfilling the endlessly retold but never-sourced rumour that being PM for a period was on his list as a price of his coalition partnership.

The PM's childbirth fulfils that wish neatly, irrespective of whether Peters's ambition was ever as firm as the rumour was persistent.

However, the detail of the arrangement confirms a caretaker role for Peters, who will chair Cabinet and key committees, receive security briefings, and front in Parliament and to the media.

On all issues of political and national interest substance, however, he is obliged to consult with Ardern, who will continue to receive papers and be on the end of a phone. The only concession to a potentially greater role for Peters are contingencies for her to take longer than the planned six week break, should any complications arise.

More detail on infrastructure unit

Shane Jones has given a little more detail on his desire to see a govt agency that better coordinates public sector infrastructure planning, procurement and financing.

His vehicle for this effort is the Treasury Infrastructure Board, which he has said needs to undergo a "Charles Atlas-style" transformation from puny weakling to muscle-bound enforcer, meaning a staff with commercial and policymaking acumen.

Bridges losing momentum

Simon Bridges made a strong start as National Party leader, but the early gloss is wearing off. He is being routinely bested in parliamentary question time by **Jacinda Ardern, who is revealing a derisive streak that is rarely on display in other public outings, where empathy, good humour and smart political positioning are her stock in trade.**

Performance in the House may not matter much to the public these days, but it is a tone-setter and morale issue for MPs. **Bridges is looking tired and lacklustre**. His defence of 'trickledown theory' may have made sense to anyone who bothered to listen to the TV clip where he mounted it. But the legions who saw him mocked on social media for that stance will not have gone past the headline. Already, **talk about Amy Adams as the next leader has started**.

Adams has her own limitations as a counter to Ardern's combination of star power and instincts as a political gambler. However, we continue to believe that Bridges is unlikely to lead National in 2020.

Oil and gas decision – what policy process?

There is growing evidence to suggest that the decision to end offshore oil and gas exploration was not subject to as rigorous a policy evaluation process as would be expected for such a substantial decision.

Energy Minister Megan Woods's office has advised a one month extension of time on applications under the Official Information Act for Cabinet papers relating to the decision.

And in answer to an OIA request from lobbyist and columnist Matthew Hooton for official advice on the effects of the policy on NZ and global CO2 emissions, **Climate Change Minister James Shaw** replied in two sentences: "I have been **advised verbally by MfE that not exploring for more oil and gas would prevent emissions from oil and gas rising any further than they would anyway if all known are reserves of oil and gas are burnt.** I cannot speak for other Ministers."

Open Govt Minister **Clare Curran** and PM Jacinda Ardern have also indicated that early commitments to reform the OIA are on the backburner, although initiatives to improve disclosures under the framework of the current Act are under consideration.

Customary title bill progresses

The Ngā Rohe Moana o Ngā Hapū o Ngāti Porou Bill (No 2) has completed first reading after a long gestation. It is the first under the Marine and Coastal Area Act legislation. The settlement will give Ngāti Porou customary title over significant parts of the East Coast coastline, as well as customary rights such as fishing and the protection of wāhi tapu (sacred places). Ngāti Porou reached an agreement with the Crown under the repealed Foreshore and Seabed Act. The new bill was the first and as yet only bill to come from the 2011 MACA Act.

The original was on hold for several years while he parties assessed their positions. **The lack of publicity or real political opposition shows how much the debate over customary rights, "ownership" and public access has moved on.**

Style changes at the RBNZ, but not the OCR

New **Reserve Bank governor Adrian Orr** kept the official cash rate at 1.75% and said the direction of the next move is equally balanced and could be up or down, although the bank's forecasts continue to point to eventual rate increases.

The former NZ Super Fund ceo is breaking the mould on previous governor **Graeme Wheeler's** widely criticised low-profile approach, but **appears to have run afoul of senior Opposition MPs** with media comments about the lack of opportunity for the Super Fund to invest in the Canterbury rebuild. In an unusual move, Orr issued a statement both asserting his respect for the independence of his current role and former **Earthquake Minister Gerry Brownlee's efforts.**

Meanwhile, businesses see a slower pace of inflation in the coming year, although they anticipate wages will rise at their fastest pace in four years as economic growth remains robust. The RBNZ's survey of expectations shows firms see the consumers price index reaching 1.8% over the coming year, marginally lower than the 1.86% pace predicted in the March quarter. Two-year ahead inflation expectations also declined to 2.01% from 2.11%, the midpoint of the central bank's 1-to-3% target band.

Economic indicators

Services sector activity fell in April. The BNZ-BusinessNZ performance of services index fell to a seasonally adjusted 55.9 last month from 58.6 in March, and ahead of the long-term average of 54.5. That **followed a stronger read on manufacturing**. The **PMI** rose to a seasonally adjusted 58.9 in April from 53.1 in March.

House sales rose 6.6% in April, the biggest year-on-year increase in 23 months, as ongoing demand coupled with tighter inventory saw prices increase in 14 of 16 regions. The number of houses sold climbed to 6,368 in April from 5,973 a year earlier.

Retail spending on electronic cards was lower than expected in April as consumers spent less on groceries, liquor and fuel in what **Stats NZ** described as "unusual" figures. Seasonally adjusted total retail spending on credit and debit cards fell 2.2% in April after lifting 1.5% in March.

Total **guest nights** in March increased 8% over March 2017 to a record for the month of March to 4.2m. Nights spent in holiday parks led the increase, jumping 25% to 950,438, setting a new record for the month.

Primary sector

Agriculture Minister Damien O'Connor wants officials to focus on NZ consumers' interests in a review of the regulatory regime governing **Fonterra.** He released the terms of reference for a review of the **Dairy Industry Restructuring Act**, which enabled the 2001 creation of Fonterra, which is expected to lead to legislative changes next year. The review will be split along export and domestic lines, which are seen as separate but connected, and include whether the dairy sector is operating in the long-term interests of NZ consumers in terms of prices, availability, quality and product range.

A2 Milk Co shares dropped sharply after a trading update that said its second-half gross margin will stay broadly in line with the first half and expansion plans in the US and China will drive up marketing costs.

Keytone Dairy Corp, which owns a dairy factory in Christchurch, has launched a prospectus to raise up to A$15m and list on the ASX. It is aiming to issue 60m shares (up to 75m with oversubscriptions) at an issue price of 20 Australian cents apiece, with the offer due to close on June 1.

Scales Corp said it has agreed to sell its cold storage businesses for $151.4m to **Emergent Cold**, a global cold chain company that recently acquired the **Swire** cold storage assets in Australia and Vietnam.

Forestry and timber processing

Sumitomo Forestry NZ posted a record profit last year after buying the timber plantations of US forestry investor **Hancock** in 2016 to secure more supply for its wood processing plant. Profit was $48.9m in 2017 from a loss of $18.4m a year earlier when its earnings were hurt by a $62m reduction in the value of its plantations.

Energy

Infratil, which owns 50.8% of **Tilt Renewables**, says it wouldn't approve new shareholder **Mercury NZ** increasing its new 19.99% holding, having made its own offer for the stock. Mercury agreed to acquire the initial fifth of Tilt and take an option on a further 6.8%.

Vector chair Michael Stiassny says he won't seek re-election at this year's annual meeting because he no longer has the support of controlling shareholder **Entrust Trustees**, which owns 75.1% of Vector and represents its electricity network customers. Entrust said 16 years was too long in the role. Vector is facing intense scrutiny over its slow handling of outages caused by recent storms in Auckland.

The **Commerce Commission** delivered a significant win for electricity retailers by writing an open letter to electricity network owners warning them not to allow investment in future technologies, such as electric vehicle charging infrastructure, to be paid for by existing network customers.

Banking, insurance and finance

The outlook on **ASB Bank's** debt rating was lowered by **Fitch Ratings** following a damning report into the culture and governance of its parent **Commonwealth Bank of Australia.** The outlook on ASB's AA- long-term foreign and local currency debt ratings was cut to 'negative' from 'stable' after the **Australian Prudential Regulation Authority** (APRA) report released late last month criticised CBA for myriad issues ranging from executive pay to failing to respond to customer complaints. The appointment of former CBA chief executive, **David Murray**, to chair **AMP** – whose chair, ceo and half the board have resigned following the findings of a royal commission into the banking sector – raised eyebrows across the Tasman. Murray is seen as having contributed to CBA's cultural malaise.

In NZ, the country's largest trading banks will be reporting today to the **RBNZ** and **FMA**, which requested evidence a fortnight ago that they had been and continue to take active steps to ensure Australian-style behaviours uncovered by the commission of inquiry are not practiced in this country. Disclosure of that evidence and next steps are expected in coming weeks.

CBL's voluntary administrators have recommended the company be placed into liquidation, enabling the liquidator to further investigations into the events leading up to the group's various insolvency procedures.

Westpac's NZ unit lifted first-half cash earnings 4% to $482m as it fattened margins and cut costs with a transformation programme that's introduced greater self-service and shut down several branches.

Services

Xero posted its first positive earnings before interest, tax, depreciation and amortisation of $26m in the year on a 38% gain in operating revenue to $397.7m and a 34% gain in subscriber numbers to 1.39m.

Waste Management drove up sales and profit last year as economic growth underpinned volumes of industrial and construction sector waste and it added landfill capacity. Profit rose to $24.8m in calendar 2017 from $11.5m a year earlier. The company said the economics of recycling has deteriorated since China started restricting waste imports last year under its National Sword policy.

Some 55% of NZers are **more concerned with their individual privacy now than they were in the last few years,** according to the latest biennial survey conducted for the **Privacy Commissioner** by **UMR Research.**

Tourism, transport and logistics

The NZ Superannuation Fund and Canadian fund manager **CDPQ Infra** have made an unsolicited bid to build and operate two lines in the proposed **Auckland light rail system.** NZ Super and the Caisse de Dépôt et Placement du Québec subsidiary approached the govt with an offer to assess the viability of the rail project for commercial investment and is open to other partners joining a consortium.

Holden NZ anticipates a $4m cost from the voluntary recall of 24,000 vehicles with defective Takata airbags, which is separate to the govt's compulsory order over the faulty safety devices last month.

Manufacturing

The ban on new offshore gas exploration has made it harder for fertiliser cooperative **Ballance Agri-Nutrients** to settle on the future for its plant at Kapuni, which is NZ's only ammonia-urea facility. Knowing "how much gas is out there is important for our long-term investment decisions," Kapuni site manager Glenn Johnson said. "When we start to look at 20- or 30-year investment type projects, it (the ban) has made things a lot murkier."

Metro Performance Glass has been downgraded by **First NZ Capital** analysts, who say NZ's building cycle will keep moderating and that increased investment in the sector won't deliver the same returns as it has during the boom of the past five years.

Science and innovation

PharmaZen, the Christchurch-based plant and animal-based health supplements maker, is forecasting a 44% increase in sales this year and a jump in earnings as the company brings a new plant online.

Turnover at its **Waitaki Biosciences** operating division is forecast to rise to $10.5m this year from $7.3m in 2017, according to a presentation to shareholders at their AGM.

Media and entertainment

Ticketmaster NZ, which is owned by the world's biggest concert promoter **Live Nation Entertainment**, posted a 143% jump in profit to $5.1m last year as sales rose faster than expenses.

SkyCity Entertainment Group sold its Federal Street carpark in Auckland for $40m. The 427-space carpark near its landmark Auckland casino was sold to Melbourne-based **ICD Property Investment** following a tender process.

Media group **Stuff** will cut 24 jobs when it closes 15 community and rural titles in its shift to digital publication, after failing to find buyers for them. In February, Australian parent **Fairfax Media** announced Stuff would close 35% of its NZ print titles this year as the Australian group pursues a digital strategy for the kiwi unit.

Equities and derivative markets

The semi-annual review of the **MSCI Equity Indexes** saw **A2** included in the MSCI Global Standard Index, exiting the MSCI Global Small Cap Index. **Mercury** will leave the standard index to join the small cap, alongside **Restaurant Brands, Synlait Milk** and **Tourism Holdings. Fletcher Building**, which was rumoured to be leaving the main index, will remain.

An **online trading platform for NZ wool and other natural fibres**, which aims to work like the **GlobalDairyTrade** market, will launch this month. **The Natural Fibre Exchange** (NFX), owned by **Wools of NZ, Alliance Group NZ and Progressive Leathers Export** and managed by **CRA International** will hold with bi-weekly trading events similar to the GDT auctions, which CRA also manages.

Equity crowdfunder **Snowball Effect** is looking at launching a secondary market, potentially filling a hole left by the demise of the NZX's two small-cap exchanges. It could be launched in the second half of the year.

Corporate actions

NZ Super Fund has invested US$65m in **Rubicon Global**, an Atlanta-based waste and recycling technology company, to increase its exposure to small, fast-growing private companies.

Steel dumping case

The govt says political considerations about NZ's relationship with China aren't the reason why it chose not to tax Chinese steel imports. The Crown made the comments during local steel producer **NZ Steel's** suit to have that decision overturned in the High Court.

NZ Steel declined to give the judge unredacted documents during the hearing. The **Bluescope**-owned company has made multiple complaints, triggering three formal investigations into the alleged dumping of certain Chinese steel products and wants the courts to overturn the first rejection.

LEGISLATION

OIO reform report delayed

The govt completed the third of the current four week sitting with the presentation of its first Budget. Unusually, Parliament **did not go into Urgency to introduce or pass Budget-related legislation**. After submissions consistently suggesting elements of proposed restrictions to foreign investment in residential real estate would have unintended effects, the **report-back for the Overseas Investment Bill was extended to June 21**. The **report-back on the Telecommunications (New Regulatory Framework Bill) was unsympathetic to submissions from Chorus** that would have extended its competitive remit. **NZ First supported Opposition legislation exempting some volunteer organisations from the new health and safety regime.**

The impact of the M. bovis outbreak and consequential compulsory herd culling on some farmers appears to have swung support for the introduction of a **farm debt mediation bill** by NZ First.

- *Italics denote update from previous edition of Hugovision*
- *A full compendium of the legislation before the House is available on The Hugo Group website, www.thehugogroup.com*

Bills Introduced

Farm Debt Mediation Bill: *A member's bill in the name of NZ First MP Darroch Ball. Introduced by leave of the House on May 15 to introduce an Agricultural Debt Mediation process as a mandatory step before the appointment of a receiver in respect of agricultural debt. First reading on May 16 and supported by all parties. Some Labour and National MPs expressed doubts about whether the bill would work or was necessary, but agreed it should be considered. Referred to the Economic Development, Science and Innovation Committee.*

Exclusive Economic Zone and Continental Shelf (Environmental Effects) Amendment Bill: *Introduced May 3. Allows recovery from an applicant the actual and reasonable costs incurred in a board of inquiry appointed under the Act to decide a marine consent, fixing a drafting error, but not having retrospective effect. Completed first reading May 8 with the support of all parties and sent to the Environment Committee. A curtailed consideration with a report back date of June 11.*

Land Transport (Random Oral Fluid Testing) Amendment Bill: *Member's bill from Alastair Scott (Nat) drawn May 3. To introduce roadside testing by Police for the presence of cannabis, Ecstasy and methamphetamine in drivers's saliva. Awaiting first reading.*

Bills in Progress

Accident Compensation Amendment Bill: Introduced April 12. *First reading completed May 9 with all parties in agreement, sent to the Education and Workforce Committee.*

Administration of Justice (Reform of Contempt of Court) Bill: Introduced March 22. A member's bill in the name of Chris Finlayson. *Proposes an overhaul of the law of contempt. Completed first reading May 2 with all parties in support and referred to the Justice committee. Justice Minister Andrew Little indicated it would be adopted as Govt Bill.*

Commerce Amendment Bill: Introduced March 28. Enables the Commerce Commission to undertake 'market studies' into industry sectors and compel provision of information. *First reading completed May 1 with National and ACT opposing, referred to the Transport and Infrastructure Committee.*

Crown Minerals Amendment Bill: Introduced April 5. *First reading completed May 3 with all parties in agreement and referred to the Economic Development, Science and Innovation Committee. A number of Labour MPs indicated further reform of the principal Act was in prospect.*

Financial Services Legislation Amendment Bill: Introduced Aug 3 2017. *Report back extended to July 31.*

Friendly Societies and Credit Unions (Regulatory Improvements) Amendment Bill: Member's bill in the name of National MP Stuart Smith (Nat). *Reported back on May 4 with amendments, including to the ability to offer securities.*

Health and Safety at Work (Volunteer Associations) Amendment Bill: Member's bill from Harete Hipango (Nat). Amends the Health and Safety at Work Act 2015 to exempt volunteer associations employing people no more than 100 hours per week. *First reading completed on May 2, Labour and Greens opposed, but the bill progressed with National, NZ First and ACT in favour. Referred to the Education and Workforce Committee.*

Overseas Investment Amendment Bill: Introduced Dec 14. *Report back extended until June 21.*

Telecommunications (New Regulatory Framework) Amendment Bill: Introduced Aug 8. Establishes a new regulatory framework for fibre fixed line access services; removes unnecessary copper fixed line access service regulation; streamlines regulatory processes; provides more regulatory oversight of retail service quality. *Reported back on May 4 with a large number of amendments relating to regulation of Chorus, its business activities and pricing. There are indications of further amendments at the committee stage.*

Trusts Bill: Introduced Aug 1. *Report back postponed to Sept 5.*

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